

Fraud Alert!

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Travel Fraud—Not Worth the Cost

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Integrity First

Integrity First, Service before Self, and Excellence in All We Do.

We all know these are the Air Force core values, but it is sometimes difficult to see how they apply in our day-to-day tasks in maintenance, supply, and financial services. However, when people violate these values, it becomes easy to bend the rules—or break the law—and bring great discredit upon themselves and the United States Air Force.

Travel Fraud—Violation of Trust

Fraud—Deceit, trickery, or breach of confidence, used to gain some unfair or dishonest advantage.

Travel fraud is a violation of trust: A breach of confidence involving deceit and trickery to obtain a small monetary gain at the cost of integrity. Also, as some of the examples below show, travel fraud can cost an individual substantial wages, benefits, and freedom. No matter what the motivation or excuse for the crime, the first victim is personal integrity. Moreover, the array of victims for a victimless crime like travel fraud includes family, friends, co-workers, and ultimately the Air Force. A loss of public confidence in the Air Force integrity can be far reaching and devastating in accomplishing our mission.

Fraud Cases

Commit the crime—do the time!

What's your integrity worth? Recently several travel fraud cases involving Financial Services Office (FSO) personnel have come to light. The individuals involved not only lost their integrity but lost the respect of family, friends, and co-workers; lost future pay and benefits; lost months of freedom; and, in all likelihood, lost the possibility of any responsible future job. The biggest thing these crooks may have stolen was their own future.

Travel Fraud Cases		
Location	Amount	Disposition
Tyndall AFB	\$ 88,377	Court Martial Conviction
Corry Station	68,415	Court Martial Conviction
Barksdale AFB	10,000	Court Martial Pending
Goodfellow AFB	172,360	Court Martial Conviction & Federal Court Conviction
Kadena AB	78,800	Court Martial Conviction
Ellsworth AFB	14,412	Court Martial Conviction
Ramstein AB	1,059	Article 15—Discharged
TOTAL	\$433,423	

These cases illustrate several points—ready cash, unlimited detection methods, and severe consequences. For example:

Tyndall AFB. The Non-Commissioned Officer in Charge (NCOIC) of Military Pay, Customer Support, processed 19 fictitious vouchers totaling \$88,377 that resulted in deposits to his personal bank account. The NCOIC redirected travel funds by creating fictitious accounts linked to his personnel electronic fund transfer (EFT) account. The sergeant had access rights to the travel system allowing manipulation of travel payment audits and deletion of local travel histories. The scheme was discovered when the NCOIC was on leave and a fraudulent payment rejected. On 30 March 2000, the Master Sergeant pled guilty to larceny charges and was sentenced to 3 years in prison, reduced in rank to E-4, and given a bad conduct discharge.

Detachment 1, Corry Station. Air Force personnel at Detachment 1 provide pay, personnel, and flight management support to Air Force personnel assigned or attending training at three Naval installations in the greater Pensacola, Florida area. In a case similar to the one at Tyndall AFB, a Travel Pay Staff Sergeant processed 10 fraudulent travel payments totaling \$68,415. Exploiting perceived control weaknesses and the detachment's limited manning, the sergeant used system access privileges and inadequate separation of duties to improperly pay himself and forge or destroy supporting travel voucher documentation. On 25 April 2000, the travel pay technician pled guilty to larceny, forgery, and money laundering charges, and was sentenced to 30 months confinement, reduction to E-4, and given a bad conduct discharge.

Goodfellow AFB. The Chief of Travel Pay was convicted of an EFT fraud involving 82 vouchers for \$172,360 in Army funds. The security officer of a federal credit union noticed an unusual pattern of transactions involving three accounts in a member's name. There were 10 EFTs, under five different names and social security numbers (SSNs) from Goodfellow AFB deposited into the member's accounts. A Social Security Administration representative conducted a review of the names and SSNs disclosing the SSNs used were either never issued, or issued to someone other than the name provided. The Air Force Master Pay Records showed none of the individuals existed in the system. The case involved a military member and a civilian employee. The military member was court martialed, received a bad conduct discharge, reduced from E-4 to E-1, and sentenced to 40 months confinement. The civilian was convicted in Federal court, fined \$100, required to pay restitution of \$172,360, and sentenced to 30 months in prison.

Kadena AB. The fraud was detected when the member came in to question an advance. The Chief of Disbursing was asked by Travel Pay to perform a tracer action on a travel claim that involved a member's permanent change of station advance. The chief discovered that the EFT account to which the travel advance was paid belonged to a Travel Pay worker's dependent and there had been several EFT deposits to the account. A Staff Sergeant was convicted in a General Court Martial for stealing more than \$78,800 over a period of eight months from the military travel pay system. He was sentenced to five years imprisonment, a reduction in rank to E-1, a dishonorable discharge, and ordered to pay a fine of \$60,000.

Travel Fraud—Not Worth the Cost (Continued...)

Ramstein AB. The case involved a Staff Sergeant in the FSO who claimed payment for an airline ticket he never actually bought. He turned in the receipt for a more expensive ticket, but actually bought a cheaper one. It was caught in the mandatory review of all FSO members' travel vouchers before payment. The sergeant received an Article 15 and was administratively discharged.

Layered Controls

Internal controls are the first line of defense against fraud, but they are not the only defense. Access controls, documentation of transactions, and separation of duties are all important management procedures to deter or detect fraud, waste, and abuse. When effectively implemented, these controls can deter someone from taking a chance or quickly identify the crime.

As these cases illustrate, the methods of detection are endless. Alert financial institution personnel, system edits, and unanticipated events can all lead to detection. Other military embezzlements have been discovered through calls from suspicious co-workers or neighbors.

While management is responsible for establishing and operating internal controls, they are not alone in battling fraud, waste, and abuse. The Air Force Audit Agency (AFAA) provides independent evaluations of Air Force operations and controls resulting in over 100 summary and 1,800 local reports of audit each year. As part of each audit, internal controls and fraud indicators are reviewed. In addition, the Air Force Office of Special Investigations (AFOSI) provides investigative services to all levels of command. These audit and investigative services aid management in carrying out their responsibilities for protecting Air Force resources.

Conclusion

The vast majority of Air Force personnel—military and civilian—adhere to core values. They place integrity first; believe in service before self; and strive for excellence in all they do. Because lapses of integrity affect us all, we need to be alert to fraud indicators and report them through the chain of command. We need to tell those few who would perpetrate fraud and bring dishonor upon themselves and the Air Force, that the rewards are small and temporary while discovery and punishment are sure and swift.



About the Authors



Mr Robert F. Burks is an AFAA Program Manager in the Forces and Support Directorate. Over the past 17 years, he has held various AFAA positions throughout the world with increasing levels of responsibility including auditor, branch chief, office chief, audit manager, staff auditor, and program manager. He has a BA in accounting from the University of West Florida, an MPA from Troy State University, and an MA in Strategic Studies from the Air War College. He is a graduate of ACSC and AWC and is a CGFM. Mr Burks is a member of the Defense Leadership and Management Program, Institute of Internal Auditors, Associate of Government Accountants, and the American Society of Military Comptrollers.



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